

STATE OF NORTH DAKOTA
BEFORE THE COMMISSIONER OF INSURANCE

In the Matter of the Proposed)	
Acquisition of Control of)	
American West Insurance Company by)	FINDINGS OF FACT AND
Nodak Mutual Insurance Company)	CONCLUSIONS OF LAW

After due and proper notice, a public hearing on the above-captioned matter was held on March 22, 2001, before the Commissioner of Insurance in the State of North Dakota pursuant to the North Dakota Insurance Holding Company Act, N.D. Cent. Code Chapter 26.1-10. The purpose of the hearing was to receive and consider evidence and to allow all interested parties to be heard regarding the proposed acquisition of control of American West Insurance Company ("AWIC"), a North Dakota domestic company, by Nodak Mutual Insurance Company ("Applicant"), a North Dakota domestic company.

The terms and conditions of the proposed acquisition and changes of control are set forth in the Form A Acquisition Statement ("Form A") filed with the Commissioner of Insurance on February 26, 2001.

Jon Livers and Paul Traynor appeared on behalf of Applicant. Appearing on behalf of the Commissioner of Insurance was its Legal Counsel, Susan J. Anderson, and its Financial Analyst, Timothy Hill. Jim Poolman, Commissioner for the State of North Dakota, presided at the hearing.

Both documentary evidence and oral testimony were presented at the hearing. All interested persons were given the full opportunity to be heard and examine all witnesses and evidence presented at the hearing. As a result, a full and complete record was developed in this

matter.

Jim Poolman, Commissioner for the State of North Dakota, after reviewing the evidence and testimony presented at the hearing, and after considering and reviewing all the documents, instruments, and materials on file herein hereby makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

I

Notice of hearing was sent via United States mail, first class postage prepaid, to Applicant on March 2, 2001.

II

Applicant is a North Dakota Insurance Company with its principal place of business in Fargo, North Dakota. Applicant is licensed to write property/casualty lines and writes private passenger auto, homeowners, farmowners, and crop hail coverages for North Dakota Farm Bureau members in North Dakota.

III

AWIC is a domestic insurance company, wholly owned by Tri-State Insurance Company of Minnesota and existing under the laws of the State of North Dakota with its principal place of business in Luverne, Minnesota.

IV

A duly certified Form A Acquisition Statement regarding the proposed acquisition of control of AWIC was filed by the Applicant on or about February 26, 2001, with the Commissioner of Insurance. Supplemental information was filed on March 6, 2001, and a list of securities to be deposited in the AWIC shell was filed with the Commissioner on March 28,

2001.

V

Pursuant to the terms of the Stock Purchase Agreement ("Agreement") dated January 31, 2001, a copy of which is included in the Form A, Applicant proposes to acquire from Tri-State Insurance Company 2,500,000 shares of common stock of AWIC, representing 100% of the issued and outstanding stock of AWIC.

VI

Pursuant to the terms of the Form A, Applicant intends to acquire AWIC and has agreed to pay \$80,000 per Certificate of Authority, plus the capital and surplus amount of AWIC, to be determined at the time of closing and \$50,000 in consideration of a tax election. Certificates of Authority are purchased for the following states: Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Washington, and Wisconsin. Applicant, through its wholly owned subsidiary, Dakota Farm Bureau, L.L.C., will obtain the necessary capital to complete the transaction by a loan from Community First National Bank. Applicant is the guarantor of the loan.

VII

Applicant intends to transact commercial lines business in the admitted states of Wisconsin, South Dakota, and Minnesota through the AWIC independent agency force. Applicant will use the AWIC agency force to complement the existing agency force in North Dakota. Applicant intends, although not in the near future, to write in all licensed states. Applicant has no plans to liquidate AWIC, to sell its assets, to merge it with any other persons, or to make any major changes in its business operations or corporate structure other than to install new management of AWIC.

VIII

Except as set forth in the Form A, there are no contracts, agreements, arrangements, or understandings with respect to any voting securities of AWIC in which the Applicant is involved including, but not limited to, transfer of any securities, joint ventures, loan or option arrangements, puts or calls, guarantees or loans, guarantee of profits, divisions of losses or profits, or the giving or withholding of proxies.

IX

Applicant intends to cause AWIC and its operations to continue to comply with all licensing requirements of the State of North Dakota and will perform all necessary acts to ensure future compliance with all licensure agreements.

X

AWIC does not object to the sale and states that the sale has resulted from arm's length negotiations.

CONCLUSIONS OF LAW

1. The Commissioner of Insurance has jurisdiction over the proposed transaction pursuant to N.D. Cent. Code Chapter 26.1-10.
2. Applicant has met the procedural requirements of N.D. Cent. Code Chapter 26.1-10 with regard to seeking and receiving approval of the proposed acquisition of control of a domestic insurance company.
3. Based on the summary of notice contained in the Findings of Fact above, sufficient, due, and proper notice of these proceedings was given to all interested parties.
4. N.D. Cent. Code § 26.1-10-03(4) provides that the Commissioner of Insurance shall approve the acquisition unless he finds any of the grounds for dismissal enumerated in N.D.

Cent. Code § 26.1-01-03(4)(a) through (f) which generally provide that policyholders of the company must be protected and that the acquisition is not likely to be hazardous or prejudicial to the insurance buying public.

5. No evidence has been introduced to establish that after the proposed acquisition of control and changes of control, Applicant will not be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which they are presently licensed.

6. No evidence has been introduced to establish that after the proposed acquisition of control or changes of control, the effect of such acquisition would be to substantially lessen competition of insurance in this state or would create a monopoly herein.

7. The evidence establishes that the financial condition of the Applicant will not jeopardize the financial stability of AWIC, or prejudice the interests of Nodak Mutual's policyholders.

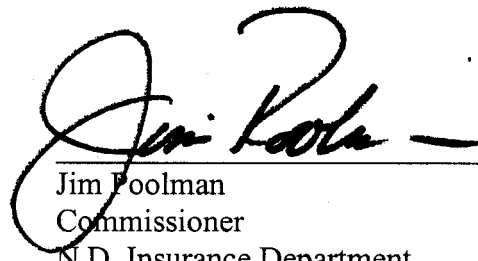
8. The evidence indicates that AWIC policies have been assumed by Tri-State Insurance Company of Minnesota and that they will continue to administer its policies in the same or similar treatment in which they have historically been administered and there would be no interruption of coverage of policyholders of AWIC. Therefore, the acquisition of AWIC would not injure, impair, or prejudice the interests of policyholders of AWIC or the insurance buying public.

9. The evidence indicates that the competence, experience, and integrity of the persons who will control the operations of AWIC are such that it would not be contrary to the interest of the policyholders of the public to permit the acquisition. No evidence or testimony was presented which would suggest that the acquisition is likely to be hazardous or prejudicial to the insurance buying public.

10. The Form A is in compliance with the provisions of the North Dakota Insurance Holding Company Act.

11. Based upon the Findings of Fact, the evidence presented at the public hearing meets the standards for approval of the proposed acquisition pursuant to N.D. Cent. Code § 26.1-10-03(4) and does not support a finding that grounds exist to disapprove the acquisition of control of AWIC by Applicant.

DATED this 30th day of March, 2001.

A handwritten signature in black ink, appearing to read "Jim Poolman", is written over a horizontal line.

Jim Poolman
Commissioner
N.D. Insurance Department
600 East Boulevard Avenue
Bismarck, ND 58505
(701) 328-2440

